

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1748

ANSWERED ON:01.08.2003

ATTACHMENT OF PROPERTY OF DEFAULTING NBFC'S

BHASKAR RAO PATIL;NARESH KUMAR PUGLIA;SHYAMA SINGH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Non Banking Financial Companies are duping investors to the tune of crores of rupees per year;
- (b) if so, whether the Government have decided to empower the Company Law Board to order unconditional attachment of properties of defaulting non banking finance companies in a bid to ensure investor-protection against vanishing companies;
- (c) if so, the manner in which this move would protect investors; and
- (d) the other details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

- (a) : - No, Sir. However, Reserve Bank of India (RBI) have reported that they have come across certain cases of irregularities in the form of asset liability mismatches/liquidity problem, which have resulted in non payment/delay in repayment of public deposits.
- (b) to (d) :- Financial Companies Regulation Bill, 2000, is at present under consideration of Government. In this it is proposed that Company Law Board (CLB) would continue to be the adjudicating authority for depositors of financial companies. The CLB would be empowered, inter alia, to prohibit alienation of assets by defaulting financial companies and to attach and sell their assets for effecting repayment of the deposits. The management of such assets would be vested with a recovery officer to be appointed by the CLB. .